

Utah losing out on wind power opportunities

Florida Power and Light Energy announced plans recently to construct the largest wind power project in the state of Wyoming. Company officials said the \$150 million facility would not have moved forward had it not been for a sales tax exemption adopted by the Wyoming Legislature last winter. The sales tax exemption applies to equipment used to generate electricity from renewable sources, such as wind turbines.

Ironically, the Utah House of Representatives also passed a similar bill, sponsored by Rep. James Gowans (D-Tooele), but the bill never made it through the Utah Senate. Utah has sufficient wind resources to harvest for wind power, and compared with Wyoming, it has a more suitable transmission system. Without incentives and support for development, however, Utah is destined to lose out on the economic opportunities of America's fastest-growing energy source.

Technological advances have made wind power increasingly cost effective, and utilities now recognize wind as a viable energy source particularly in light of rising natural gas prices. For example, PacifiCorp, Utah Power's parent company, has made a commitment to develop 1,400 megawatts (MW) of renewable energy resources, primarily wind, in the coming decade throughout its service territory. Consequently, several western states, including Texas, California, Oregon, Washington, New Mexico, Arizona, and Nevada, have established market incentives or passed legislation to support wind energy development to diversify electricity resources, stabilize prices, and

GUEST OPINION

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aid rural economies where wind farms are typically sited. By contrast, Utah has no wind farms and no plans to build any.

Wyoming's new wind project will be situated in Uinta County, northeast of Evanston about five miles north of Interstate 80 on the Bear River Divide. It will include 80 wind turbines with a total generation capacity of 144 megawatts of electricity to serve more than 43,000 homes. A wind project of this magnitude would have been a boon to Utah's electricity resource base and economy. Other states show that wind power is a lucrative "cash crop," generating wind royalties for ranchers and farmers and creating opportunities for local businesses supplying labor, steel, concrete, roads, turbine components, and electrical and engineering services to construction and operate wind facilities. This, in turn, is boosting local and state tax revenues to support schools and public services.

Texas has been America's wind power success story. In 1999, then Gov. George W. Bush signed legislation that combined an ambitious renewable energy mandate with a system of "renewable trading credits" allowing utilities and energy producers flexibility in how they met the requirement. The legislation has been so successful in attracting development dollars that Texas has moved from having virtually no commercial wind power generation facilities

in 1999 to become America's second-largest wind producing state behind California. Last year, the Wall Street Journal dubbed the state's rapid development as "The New Texas Wind Rush" and reported that landowners were earning royalties of about \$3,200 annually for each wind turbine erected on their properties, placed about every 25 acres.

What's remarkable about Wyoming's new wind project is that it came about without any legislative mandate. The tax exemption sent a strong signal that Wyoming is supportive of wind power. The exemption's tax revenue loss is expected to be minimal compared to the economic benefits generated over the life of the wind energy complex, and the state is considering more projects.

Come December, PacifiCorp is expected to request the development of 500 MW of wind throughout its service territory. Despite this opportunity, Utah will face tough competition in the bidding process from Wyoming and other surrounding states that provide incentives or mandates for renewable energy. Utah's legislature can help level the playing field by passing a renewable energy sales tax exemption comparable to Wyoming's.

The Utah Energy Office is sponsoring the Utah Wind & Solar Energy Conference on Oct. 1, 2003, at the Salt Palace Convention Center in Salt Lake City to discuss the prospects of wind and solar energies and strategies for kick-starting development throughout Utah. A new wind map showing Utah's best wind resource locations will also be unveiled. Wind power development in Utah can help keep

Utah dollars spent on electricity in local communities rather than on projects in other states. Without a change in current policies, however, Utah will continue to miss out on the economic opportunities of America's fastest-growing energy source.

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